

Message Text

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ACTION AF-10

INFO OCT-01 IO-13 ISO-00 CIAE-00 DODE-00 NSAE-00
NSCE-00 SSO-00 ICAE-00 INRE-00 PM-05 H-01 INR-10
L-03 PA-01 SP-02 SS-15 HA-05 EB-08 OMB-01 TRSE-00
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O R 101111Z MAY 78
FM AMEMBASSY CAPE TOWN
TO SECSTATE WASHDC IMMEDIATE 7252
INFO AMCONSUL DURBAN
AMCONSUL JOHANNESBURG
AMEMBASSY LAGOS
AMEMBASSY PRETORIA
USMISSION USUN NEW YORK

C O N F I D E N T I A L SECTION 1 OF 2 CAPE TOWN 935

E.O. 11652: GDS
TAGS: SF, PINT
SUBJECT: INFORMATION SCANDAL BOILS UP

REF: (A) CAPE TOWN A-18, (B) CAPE TOWN 830,

1. SUMMARY: THE SCANDAL WHIRLING AROUND INFORMATION DEPARTMENT SECRETARY ESCHEL RHOODIE BROKE OPEN WITH NEW REVELATIONS IN THE SUNDAY PRESS WHICH HAS BEEN DOGGING THE ISSUE FOR MANY MONTHS. PRIME MINISTER VORSTER HAS BEEN COMPELLED TO ENTER THE FRAY TO TAKE REponsIBILITY FOR A SECRET FUND FOR THE INFORMATION DEPARTMENT, BUT AT THE SAME TIME, HE HAS APPEARED TO LEAVE RHOODIE AND POSSIBLY INFORMATION (AND PLURAL AFFAIRS) MINISTER MULDER TWISTING IN THE WIND. SOME COMMENTATORS SEE THE SCANDAL AS "POSSIBLY THE WORST CRISIS" INSIDE THE NATIONAL PARTY GOVERNMENT SINCE 1948. CLEARLY, THE NATIONALIST GOVERNMENT IS HIGHLY EMBARRASSED BY THE SUGGESTION OF CORRUPTION AT A HIGH LEVEL AS WELL AS BY THE RELEVATION OF ITS "UNCONVENTIONAL" INFORMATION ACTIVITIES.
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IT IS TOO EARLY TO ASCERTAIN THE FULL IMPLICATIONS OF THE AFFAIR, BUT WHATEVER THE OUTCOME MULDER HAS SUFFERED A MAJOR SET-BACK IN THE SUCCESSION STRUGGLE IN THE NATIONAL PARTY. THE CASE COULD ALSO HAVE AN IMPACT ON SOUTH AFRICA'S INFORMATION POLICY AND OPERATIONS. END SUMMARY.

2. THE WEEKEND BOMBSHELLS BEGAN WITH A STATEMENT ISSUED

BY RHOODIE ATTEMPTING TO COUNTER THE EXPOSES WHICH THE "SUNDAY TIMES" AND THE "SUNDAY EXPRESS" WERE EXPECTED TO REVEAL THE NEXT DAY. IN HIS STATEMENT RHOODIE REPORTED THAT HIS DEPARTMENT HAD BEEN PROVIDED WITH A SECRET FUND FOR CLANDESTINE MISSIONS WITH THE APPROVAL OF A THREE-MAN CABINET COMMITTEE, WITHOUT THE KNOWLEDGE OF PARLIAMENT OR OF A SELECT COMMITTEE ON PUBLIC ACCOUNTS. HE ALSO LAUNCHED WHAT THE PRESS TERMED AN "UNPRECEDENTED" ATTACK ON THE AUDITOR-GENERAL, GERALD BARRIE, LINKING HIM PERSONALLY WITH THE "TREACHEROUS ACT" OF LEAKING A SECRET REPORT ON THE DEPARTMENT. RHOODIE ALSO REVEALED THAT HIS CONTROVERSIAL TRIP TO THE SEYCHELLES LAST YEAR WITH A NUMBER OF ASSOCIATES AND THEIR FAMILIES WAS IN FACT A "SECRET MISSION" APPROVED BY MINISTER MULDER AND THUS WAS PAID FOR BY GOVERNMENT FUNDS. MULDER HAD EARLIER TOLD PARLIAMENT THE VISIT WAS PRIVATE.

3. THE "SUNDAY EXPRESS" LET OFF ITS "BOMB" WHICH HAD BEEN DELAYED A WEEK FOLLOWING INTERVENTION BY MULDER AND THE BUREAU OF STATE SECURITY (REFTTEL). THE "EXPRESS" REVEALED THAT VOUCHERS FOR THE DEPARTMENT OF INFORMATION'S FINANCIAL YEAR 1973-74 AND 1974-75 HAD BEEN DESTROYED ON THE INSTRUCTIONS OF RHOODIE. THE NEWSPAPER ALSO DISCLOSED THAT A MYSTERIOUS COMPANY THOR COMMUNICATORS WAS FINANCED OUT OF THE DEPARTMENT'S SECRET FUNDS. THE "EXPRESS" ALSO CITED SEVERAL SPECIFIC EXAMPLES OF OTHER IRREGULARITIES.

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4. THE "SUNDAY TIMES" INVESTIGATIVE COUP FOR THE WEEK WAS THE NEWS THAT THOR COMMUNICATIONS HAD RECEIVED A LUMP SUM PAYMENT OF US \$3 MILLION FROM THE UNION BANK OF SWITZERLAND IN OCTOBER 1976. AMONG OTHER THINGS, THOR APPARENTLY USED PART OF THE FUNDS TO BUY SIX LUXURY FLATS ON THE BEACH NEAR CAPE TOWN.

5. RHOODIE IN HIS MAY 5 STATEMENT SAID HE WOULD FORMALLY REQUEST A POLICE INVESTIGATION INTO THE LEAK TO THE "SUNDAY EXPRESS" OF THE AUDITOR GENERAL'S SECRET REPORT. THE AFRIKAANS LANGUAGE "RAPPORT", HOWEVER, REPORTED THAT THE COMMISSIONER OF POLICE WOULD ACT IN REGARD TO THE ALLEGED LEAK ONLY ON THE REQUEST OF THE AUDITOR GENERAL HIMSELF.

6. A NUMBER OF NATIONALIST MPS WERE QUOTED AS EXPRESSING DISMAY AT RHOODIE'S STATEMENT ON A MATTER WHICH WAS STILL BEING INVESTIGATED BY THE PARLIAMENTARY SELECT-COMMITTEE. "THE CITIZEN" MAY 8, HOWEVER, CLAIMED THE STATEMENT HAD BEEN CLEARED AT THE HIGHEST LEVEL.

7. PRIME MINISTER VORSTER FOLLOWED UP THE SUNDAY REVELATIONS WITH A MIDNIGHT STATEMENT ISSUED ON THE EVE

OF THE MAY 9 CRUCIAL DEBATE ON THE INFORMATION VOTE
IN PARLIAMENT. VORSTER CONFIRMED THAT SECRET FUNDS HAD
BEEN ALLOCATED TO THE DEPARTMENT OF INFORMATION SINCE 1972
TO ASSIST IT "IN A DELICATE AND UNCONVENTIONAL WAY" IN
COMBATTING WHAT HE DESCRIBED AS "THE TOTAL ONSLAUGHT"
PLANNED AGAINST SOUTH AFRICA. VORSTER SAID HE ACCEPTED
FULL RESPONSIBILITY FOR THE WAY IN WHICH THE FUNDS WERE
ALLOCATED BUT DENIED THAT THEY WERE UNAUTHORIZED. BEFORE
LEGISLATION WAS HURRIED THROUGH EARLIER THIS SESSION GRANTING
THE MINISTER OF FINANCE CARTE BLANCHE IN ESTABLISHING SECRET
FUNDS FOR OTHER DEPARTMENTS, THE ONLY TWO SECRET FUNDS AUTHORIZED
WERE THOSE OF THE DEPARTMENT OF DEFENSE AND THE PRIME MINISTER.

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8. VORSTER ALSO DISCLOSED THAT IN THE SECOND HALF OF LAST
YEAR, THE AUDITOR-GENERAL INFORMED HIM THAT HE WAS
CONCERNED ABOUT SUPPOSED IRREGULARITIES IN THE DEPARTMENT
OF INFORMATION. VORSTER SAID HE TOLD THE AUDITOR-GENERAL
THAT NOTHING LESS WAS REQUIRED FROM HIM AS AN OFFICIAL
OF PARLIAMENT THAN TO DO THE NECESSARY INVESTIGATION IN THE
NORMAL WAY AND TO REPORT TO PARLIAMENT "IRRESPECTIVE OF WHO
WAS INVOLVED OR WHAT THE CONSEQUENCES MAY BE."

9. VORSTER GAVE ASSURANCE THAT IF THERE SHOULD BE ANY
INDICATION THAT FUNDS HAD BEEN USED BY ANYBODY FOR PERSONAL
GAIN, THE INFORMATION WOULD BE CONVEYED TO THE ATTORNEY-
GENERAL FOR FURTHER INVESTIGATION AND "STEPS AS HE MAY

DEEM FIT." THIS SEEMED TO RAISE THE SPECTRE OF POSSIBLE CRIMINAL CHARGES, IN CONTRAST TO MULDER'S PERSISTENCE UP TO THIS POINT THAT WHILE THERE MAY HAVE BEEN IRREGULARITIES IN THE DEPARTMENT, THERE HAD BEEN "NO PERSONAL GAIN."

10. VORSTER ALSO SAID IT HAD BECOME CLEAR THAT THE
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EFFECTIVENESS OF THE DEPARTMENT "AND ITS HEAD" HAD BEEN DESTROYED CAUSING "INCALCULABLE DAMAGE TO THE COUNTRY." THE IMPLICATION WAS THAT RHOODIE WOULD BE LEAVING FORTHWITH UNDER A CLOUD IF NOTHING WORSE.

11. VORSTER SAID HE HAD APPOINTED "ANOTHER CAPABLE AND WELL EQUIPPED PERSON TO INVESTIGATE FULLY ALL ALLEGED IRREGULARITIES, ALLEGATIONS, STORIES AND RUMORS AS FAR AS THE MISUSE OF FUNDS WAS CONCERNED." PRESS SPECULATION WAS THAT THE NEW INVESTIGATOR IS GENERAL VAN DEN BERTH, HEAD OF BOSS. SOME OBSERVERS BELIEVE VAN DEN BERGH HAS BEEN ON THE CASE SINCE LAST YEAR.

12. DURING MAY 9 PARLIAMENTARY DEBATE ON DEPARTMENT OF INFORMATION BUDGET, PFP SPOKESMAN HARRY SCHWARZ SAID THAT IT WOULD BE ILLEGAL TO ALLOCATE SECRET FUNDS TO THE DEPARTMENT FROM THE PRIME MINISTER'S BUDGET UNLESS RHOODIE WORKS FOR THE BUREAU OF STATE SECURITY, WHICH COMES UNDER THE PM'S DEPARTMENT. ANOTHER OPPOSITION MEMBER REFERRED TO RUMORS THAT CERTAIN NEWSPAPERS, SUCH AS THE CITIZEN AND OTHER PUBLICATIONS, WERE SECRETLY FUNDED BY GOVERNMENT SOURCES FOR PARTY POLITICAL PURPOSES.

13. IN RESPONSE, MULDER SAID THAT HIS BIGGEST PROBLEM WAS THAT HE COULD NOT TELL 90 PERCENT OF THE SECRET SUCCESSES OF THE INFORMATION DEPARTMENT, OTHERWISE HE WOULD DESTROY THEM. HE DEFENDED THE COVERT OPERATIONS OF THE DEPARTMENT AND SAID THAT WHEN IT CAME TO THE SURVIVAL OF SOUTH AFRICA "NO RULES APPLY." HE ASSURED THE HOUSE, HOWEVER, THAT THE DEPARTMENT WOULD ALWAYS ACT IN THE HIGHEST TRADITIONS OF THE CIVIL SERVICE AND WOULD DO NOTHING IMMORAL. MULDER ALSO IMPLIED THAT THE TOP OFFICIALS OF THE DEPARTMENT WOULD HAVE TO GO BECAUSE THEIR
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CREDIBILITY HAD BEEN DESTROYED.

14. COMMENT: THE OPPOSITION AND ENGLISH-LANGUAGE PRESS

ARE IN FULL CRC FOR MULDER'S RESIGNATION. THE AFRIKAANS-LANGUAGE PAPERS CONNECTED WITH DEFENSE MINISTER P.W. BOTHA, BEELD AND DIE BURGER, HAVE ALSO BEEN HEADLINING THE EXPOSE OF THE STRANGE HAPPENINGS IN THE INFORMATION DEPARTMENT. WITH THE LATEST REVELATIONS, THE OPPOSITION HAVE ENLARGED THEIR ATTACKS TO INCLUDE GOVERNMENT POLICY AND THE PRIME MINISTER. THE NATS ARE RALLYING AROUND TO WARD OFF THIS ASSAULT, BUT THE GOVERNMENT IS EMBARRASSED BOTH BY THE SUGGESTION OF POSSIBLE CORRUPTION AT A HIGH LEVEL AS WELL AS BY THE REVELATION OF ITS "UNCONVENTIONAL" INFORMATIONAL ACTIVITIES. VORSTER CLEARLY INTENDS TO TRY TO HEAD OFF ANY FURTHER EXPOSURE OF THE LATTER.

15. IT APPEARS THAT MULDER AT THE MINIMUM WILL NOW HAVE TO DISMISS OR RETIRE RHOODIE WHO WAS HIS PERSONAL AND CONTROVERSIAL CHOICE TO HEAD THE DEPARTMENT SIX YEARS AGO. MULDER IS STILL INSISTING THAT THERE WAS NO ACTUAL WRONG-DOING. IF GENERAL VAN DEN BERGH'S INVESTIGATION LEADS TO CRIMINAL CHARGES AGAINST RHOODIE OR OTHERS, MULDER WILL BE FURTHER COMPROMISED. IN ANY EVENT, NATIONALIST MPS AND JOURNALISTS BELIEVE THAT MULDER HAS SUFFERED A SETBACK IN THE SUCCESSION STRUGGLE IN THE NATIONAL PARTY. THE CASE COULD ALSO HAVE AN IMPACT ON SOUTH AFRICA'S INFORMATION POLICY AND OPERATIONS, BUT IT IS TOO EARLY TO SAY IN WHAT WAY AND TO WHAT EFFECT.
NELSON

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